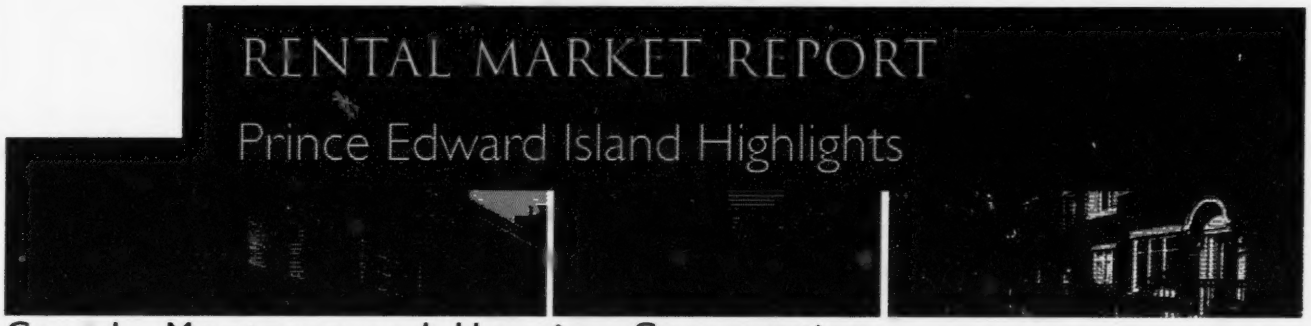
RENTAL MARKET REPORT

Prince Edward Island Highlights



Canada Mortgage and Housing Corporation

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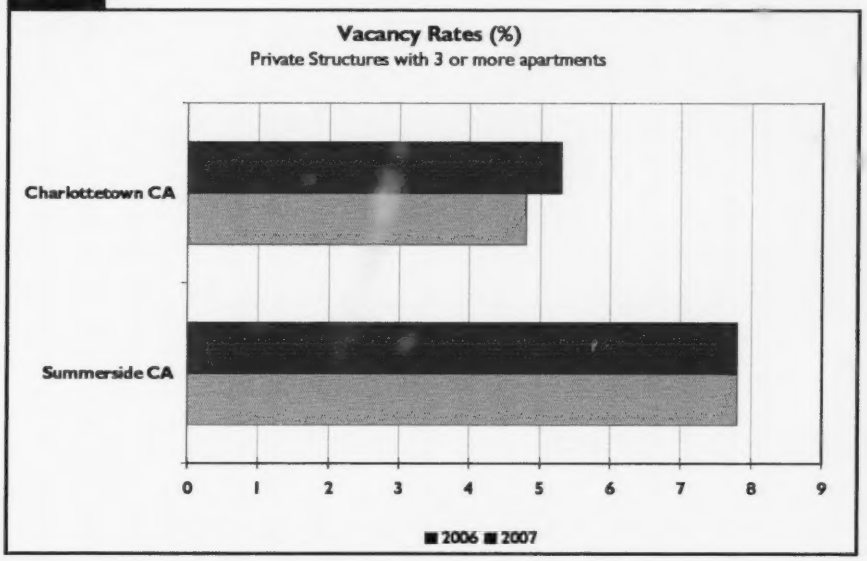
Charlottetown and the Province Record Similar Results

- The overall vacancy rate in Prince Edward Island's urban centres stood at 5.7 per cent in April 2007.
- Charlottetown posted a slightly lower vacancy rate than the province as a whole.
- The average two-bedroom rent in Charlottetown was $653, compared to the provincial average of $640.

Figure 1



In this Issue

1 Charlottetown and the Province Record Similar Results

2 Rental Market Overview

2 Availability Rates

4 Prince Edward Island Provincial Map

5 Rental Market Report Tables (Pages 5-6)

8 CMHC - Home to Canadians

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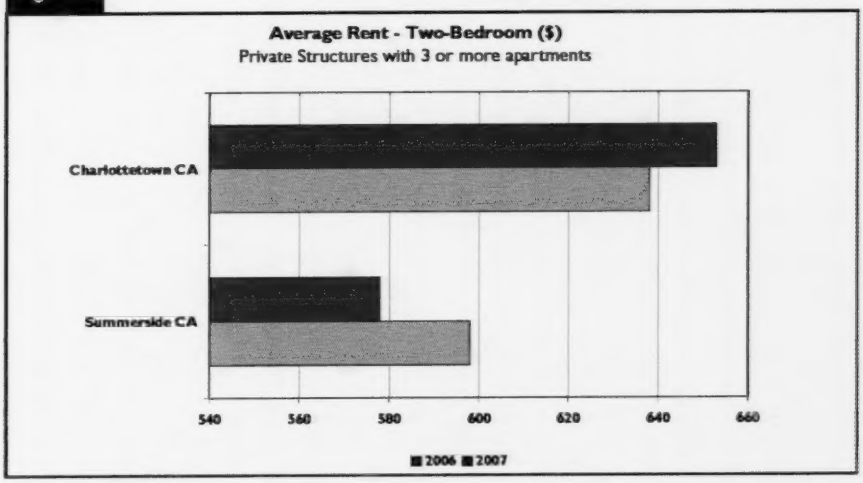
Figure 2



Rental Market Overview

Results from Canada Mortgage and Housing Corporation's 2007 Spring Rental Market Survey revealed that the vacancy rate for urban centres of the province was 5.7 per cent, while the rate for Charlottetown was slightly lower at 5.3 per cent.

The overall economic environment for the province is characterized by growth in employment, population and housing stock. The province has recorded positive annual employment growth since 1990. Most of these jobs have been created in the province's two major urban centres, resulting in continued demand for all forms of housing. Migration has also played a role in the province's housing market with positive levels of in-migration and increasing urbanization. While most Atlantic Provinces have been recording an outflow of people, Prince Edward Island continues to see more people arrive than leave on an annual basis. This has been especially beneficial to the Charlottetown area, the destination of choice for the majority of those relocating to the Island. All of the aforementioned factors have resulted in an increased level of construction in both Charlottetown and Summerside.

The strong demand for housing, combined with low interest rates in recent years did not go unnoticed by developers, who took the opportunity to build new rental units. As a result, there has been an above average level of multiple starts activity. This has lead to a market where supply has temporarily outpaced the demand for new units. This is expected to be short lived though as the construction of rental units has slowed significantly. This will accelerate the absorption of newly completed units that are vacant, resulting in an expected decline in the vacancy rate.

The low mortgage rates that were attractive to developers also benefited potential homebuyers and many households have made the switch from rental to homeownership. This has put additional upward pressure on vacancy rates.

The average two-bedroom rent in the Charlottetown area was $653. This was slightly higher than the provincial average of $640.

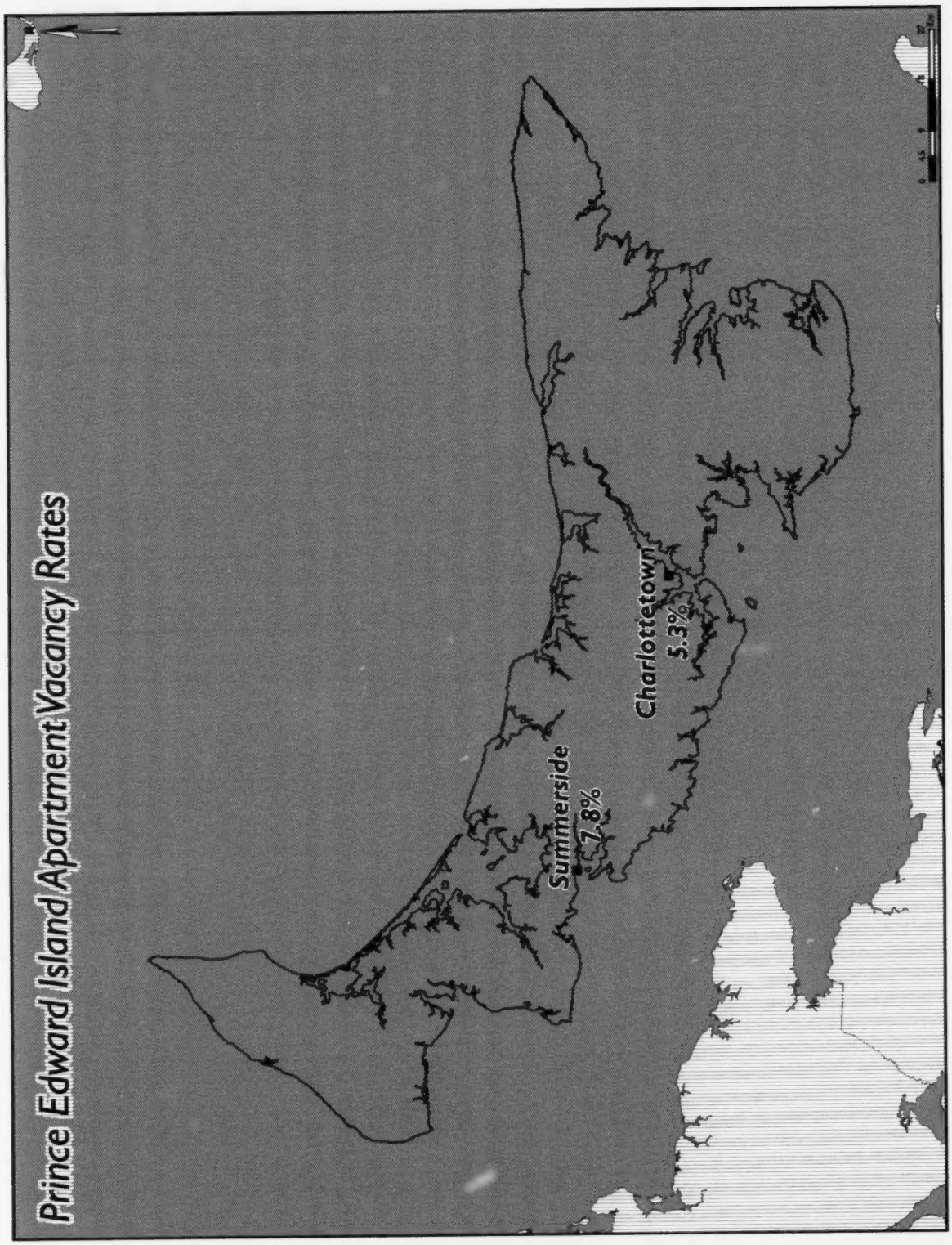
Availability Rates

The availability rate in Prince Edward Island reached 8.4 per cent in April 2007. Charlottetown posted a similar rate of 8.5 per cent.

CAUTION

In our analysis, we have deliberately avoided making comparisons between the results of the April 2007 rental market survey and the October 2006 survey. A key reason for this is that changes in rents, vacancy rates, and availability rates between the spring and the fall may not be solely attributable to changes in rental market conditions; they could also reflect seasonal factors. For example, if more people tend to move in the spring than in the fall, it could have an impact on vacancy and availability rates as well as the level of rents. Alternatively, in centres where there are a significant number of university students, vacancy and availability rates could be higher in the spring if students move home for the summer.

To the extent that these types of seasonal variations exist, comparing results from the spring and fall Rental Market Surveys could lead to incorrect conclusions about trends in rental market conditions. To avoid this, we have limited our analysis to the results of our spring 2007 Rental Market Survey and comparing these results for different centres across Canada. In spring 2008, when we have results from our second spring Rental Market Survey, we will be able to extend our analysis to make year over year comparisons.


Prince Edward Island Apartment Vacancy Rates
Charlottetown
5.3%
Summerside
7.8%

1.1.1 Private Apartment Vacancy Rates (%) by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-06	Apr-07	Oct-06	Apr-07	Oct-06	Apr-07	Oct-06	Apr-07	Oct-06	Apr-07
Charlottetown CA	**	**	3.5 c	3.6 c	5.2 b	5.9 b	**	**	4.8 b	5.3 b
Summerside CA	**	**	6.0 c	11.0 c	6.0 b	6.2 b	18.1 d	**	7.8 b	7.8 b
Prince Edward Island 10,000+	****	****	**3.8 c**	**4.4 b**	**5.3 b**	**6.0 b**	****	**8.1 c**	**5.3 b**	**5.7 a**

The following letter codes are used to indicate the reliability of the estimates:
a – Excellent, b – Very good, c – Good, d – Fair (Use with Caution)
** Data suppressed to protect confidentiality or data is not statistically reliable
n/u: No units exist in universe for this category **n/s:** No units exist in the sample for this category **n/a:** Not applicable

1.1.2 Private Apartment Average Rents ($) by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-06	Apr-07	Oct-06	Apr-07	Oct-06	Apr-07	Oct-06	Apr-07	Oct-06	Apr-07
Charlottetown CA	423 a	440 a	505 a	524 a	638 a	653 a	733 a	768 a	597 a	614 a
Summerside CA	436 b	443 b	470 a	483 a	598 a	578 a	666 a	678 b	582 a	565 a
Prince Edward Island 10,000+	**424 a**	**440 a**	**501 a**	**519 a**	**631 a**	**640 a**	**707 a**	**746 a**	**595 a**	**607 a**

The following letter codes are used to indicate the reliability of the estimates (cv = coefficient of variation):
a – Excellent ($0 \leq cv \leq 2.5$), b – Very good ($2.5 < cv \leq 5$), c – Good ($5 < cv \leq 7.5$)
d – Fair (Use with Caution) ($7.5 < cv \leq 10$)
** Data suppressed to protect confidentiality or data is not statistically reliable
n/u: No units exist in universe for this category **n/s:** No units exist in the sample for this category **n/a:** Not applicable

Please click **Methodology** or **Data Reliability Tables Appendix links** for more details

1.1.3 Number of Private Apartment Units Vacant and Universe in April 2007 by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Vacant	Total	Vacant	Total	Vacant	Total	Vacant	Total	Vacant	Total
Charlottetown CA	**	142	38 c	1,069	143 b	2,421	**	188	204 b	3,820
Summerside CA	**	15	16 c	142	32 b	511	**	62	57 b	730
Prince Edward Island 10,000+	****	**157**	**54 b**	**1,211**	**175 b**	**2,932**	**20 c**	**250**	**261 a**	**4,550**

1.1.4 Private Apartment Availability Rates (%) by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-06	Apr-07	Oct-06	Apr-07	Oct-06	Apr-07	Oct-06	Apr-07	Oct-06	Apr-07
Charlottetown CA	**	**	5.5 c	5.9 b	7.2 b	9.7 b	**	**	6.8 a	8.5 a
Summerside CA	**	**	7.1 b	11.0 c	6.2 b	6.2 b	19.5 d	**	8.3 b	7.8 b
Prince Edward Island 10,000+	****	****	**5.7 b**	**6.5 b**	**7.0 a**	**9.1 a**	****	**9.3 c**	**7.0 a**	**8.4 a**

The following letter codes are used to indicate the reliability of the estimates:
a – Excellent, b – Very good, c – Good, d – Fair (Use with Caution)
** Data suppressed to protect confidentiality or data is not statistically reliable
n/u: No units exist in universe for this category **n/s:** No units exist in the sample for this category **n/a:** Not applicable

Please click **Methodology** or **Data Reliability Tables Appendix links** for more details

METHODOLOGY FOR RENTAL MARKET SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts the **Rental Market Survey** (RMS) every year in April and October to estimate the relative strengths in the rental market. The survey is conducted on a sample basis in all urban areas with populations of 10,000 and more. The survey targets only privately initiated structures with at least three rental units, which have been on the market for at least three months. The survey collects market rent, available and vacant unit data for all sampled structures. Most RMS data contained in this publication refer to privately initiated apartment structures.

The survey is conducted by a combination of telephone interviews and site visits, and information is obtained from the owner, manager, or building superintendent. The survey is conducted during the first two weeks of April/October, and the results reflect market conditions at that time.

Data tables in this publication result from CMHC's Rental Market Survey and provide a snapshot of vacancy and availability rates, and average rents in both new and existing structures.

DEFINITIONS

Availability: A rental unit is considered available if the existing tenant has given, or has received, notice to move, and a new tenant has not signed a lease; or the unit is vacant (see definition of vacancy below).

Rent: The rent refers to the actual amount tenants pay for their unit. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water. For available and vacant units, the rent is the amount the owner is asking for the unit.

It should be noted that the average rents reported in this publication provide a sound indication of the amounts paid by unit size and geographical sector. Utilities such as heating, electricity and hot water may or may not be included in the rent.

Rental Apartment Structure: Any building containing three or more rental units, of which at least one unit is not ground oriented. Owner-occupied units are not included in the rental building unit count.

Rental Row (Townhouse) Structure: Any building containing three or more rental units, all of which are ground oriented with vertical divisions. Owner-occupied units are not included in the rental building unit count. These row units in some centres are commonly referred to as townhouses.

Vacancy: A unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.

Definitions of Census Areas referred to in this publication are as follows:

A census metropolitan area (CMA) or a census agglomeration (CA) is formed by one or more adjacent municipalities centred on a large urban area (known as the urban core). The census population count of the urban core is at least 10,000 to form a census agglomeration and at least 100,000 to form a census metropolitan area. To be included in the CMA or CA, other adjacent municipalities must have a high degree of integration with the central urban area, as measured by commuting flows derived from census place of work data. CMAs and CAs contain whole municipalities or Census Subdivisions.

October 2006 data presented in this publication is based on Statistics Canada's 2001 Census area definitions. April 2007 data presented in this publication is based on Statistics Canada's 2006 Census area definitions.

Acknowledgement
The Rental Market Survey could not have been conducted without the cooperation of the rental property owners, managers, and building superintendents throughout Canada. CMHC acknowledges their hard work and assistance in providing timely and accurate information. As a result of their contribution, CMHC is able to provide information that benefits the entire housing industry.

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